

37 Am. Jur. 2d Fraud and Deceit § 178

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Fraud and Deceit

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IV. False Representations

G. Representations and Statements as to Particular Matters

3. Value, Cost, and Income of Property

b. Cost or Price Paid, Offers, Etc.

§ 178. Representations as to other offers

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, [Fraud](#) 27, 28

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Misrepresentation by lessor, in negotiations for lease, as to offers of rental received from third persons, as actionable fraud,
30 A.L.R.2d 923

A cause of action for fraud or deceit is recognized when a person falsely represents to another in a sales transaction that the person has been offered more for the property in another offer and the prospective purchaser relies on the misrepresentation.¹ It has been said that the courts must decide on a case by case basis what is actionable as fraud in a case in which a prospective purchaser alleges that the vendor has falsely represented that an offer has been made by a second prospective purchaser which the vendor will accept if the first prospective purchaser does not agree to the asking price and that liability is made to depend on the degree of thoroughness to which fraud is perpetrated.²

Some courts have held, however, that the general rule applicable to representations as to value applies, and that a misrepresentation that a certain sum has been bid by another for the property does not constitute actionable fraud.³ Additionally, a party cannot recover on a claim of fraudulent inducement or misrepresentation based on any alleged statements to the effect that a company's offer is a final, best, or nonnegotiable offer.⁴

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Footnotes

- 1 *Kabatchnick v. Hanover-Elm Bldg. Corp.*, 328 Mass. 341, 103 N.E.2d 692, 30 A.L.R.2d 918 (1952); *Elias v. Handler*, 155 A.D.2d 583, 548 N.Y.S.2d 33 (2d Dep't 1989) (rescission of sale).
- 2 *Ravosa v. Zais*, 40 Mass. App. Ct. 47, 661 N.E.2d 111 (1996).
- 3 *Ripy v. Cronan*, 131 Ky. 631, 115 S.W. 791 (1909); *Shikes v. Gabelnick*, 273 Mass. 201, 173 N.E. 495, 87 A.L.R. 1339 (1930) (prospective contract of exchange).
- 4 *Marburger v. Seminole Pipeline Co.*, 957 S.W.2d 82 (Tex. App. Houston 14th Dist. 1997) (disapproved of on other grounds by, *Hubenak v. San Jacinto Gas Transmission Co.*, 141 S.W.3d 172 (Tex. 2004)).

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